GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3770
ANSWERED ON:09.08.2016
Price of Medicine
Godse Shri Hemant Tukaram

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

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(a) whether many pharmaceutical companies have sold medicines to the consumers at higher prices than the fixed prices/Maximum Retail price;

(b) if so, the names of such companies and the time since when such companies have been overcharging along with the action taken thereon, company-wise;

(c) whether the Government proposes to recover the excess money charged by them along with penalty;

(d) if so, the details thereof and the present status of the process of recovery including the penalty from the guilty companies along with the manner in which consumers would be compensated for the loss suffered;

(e) whether the Government is considering to enforce printing of the production cost and profit margin on pharma products to check arbitrary profits earned by the Pharma sector; and

(f) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS; MINISTRY OF SHIPPING AND MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI MANSUKH L. MANDAVIYA)

(a): Yes Madam,

(b) to (d): Action for recovery of the overcharged amount is taken as per the provisions of Drugs (Prices Control) Order, 1995 (DPCO, 1995) and Drugs (Prices Control) Order, 2013 (DPCO, 2013). Whenever companies are found overcharging the consumers in respect of price of medicines, demand notices are issued for recovery of overcharged amount alongwith interest thereon for violation under various provisions of DPCO, 1995 and DPCO, 2013 read with Section 7A of Essential Commodities Act, 1955.

Since inception of National Pharmaceutical Pricing Authority (NPPA) in 1997, 1445 demand notices (as on 30.06.2016) have been issued to pharmaceutical companies for having overcharged consumers on the sale of scheduled & non scheduled medicines (1279 cases under DPCO 1995 & 166 cases under DPCO 2013). These demand notices relate to a total amount of Rs.4953.46 crore. (amount inclusive of principal overcharged amount and interest thereon). Out of the total amount demanded so far, an amount of Rs.386.91 crore has been deposited by the companies to Government. An amount of Rs.3720.38 crore is under litigation. The detailed list of overcharging cases where demand notices have been issued, has been uploaded on NPPA website (www.nppa.nic.in).

However, in some cases, the demands raised for overcharging have been challenged in Courts. Hon'ble Supreme Court in Civil Appeal No.329/2005 in UOI & others vs. M/s Cipla Ltd. & others vide order dated 20.07.2016 directed the companies to deposit 50% of the overcharged amount within 6 weeks, failing which coercive action can be taken against the companies.

Wherever the demand raised by NPPA has not been challenged in the court and the concerned company has not deposited the demanded amount, the matter is referred to the respective District Collector for recovery of the overcharged amount as arrears of land revenue under Essential Commodities Act, 1955. The cases referred to District Collectors are also followed up on regular basis.

Presently, there is no mechanism to compensate the consumers for the amount overcharged.

(e) & (f): There is no such proposal in the Department.

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